

Sanders-Grassley Audit the Pentagon Act

The Pentagon is the only federal department in America that hasn't been able to pass an independent audit—decades after Congress required it to do so. The Audit the Pentagon Act would require the entire Defense Department to pass a clean audit by Fiscal Year 2022. Any DOD component that fails to do so would have one percent of its budget returned to the Treasury for deficit reduction.

On September 10, 2001, former Secretary of Defense Donald Rumsfeld said, “Our financial systems are decades old. According to some estimates, we cannot track \$2.3 trillion in transactions. We cannot share information from floor to floor in this building because it's stored on dozens of technological systems that are inaccessible or incompatible.”

And yet, almost two decades later, DOD still cannot account for trillions of dollars in transactions and has not come close to passing a clean audit. This, despite the fact that the Pentagon consumes more than half of the discretionary budget and controls assets in excess of \$2.2 trillion, or roughly 70 percent of the entire federal government.

What have previous audits uncovered? The Commission on Wartime Contracting in Iraq and Afghanistan concluded in 2011 that \$31-60 billion spent in Iraq and Afghanistan had been lost to fraud and waste. Separately, in 2015, the Special Inspector General for Afghanistan Reconstruction reported that the Pentagon could not account for \$45 billion in funding for reconstruction projects. And more recently, an audit conducted by Ernst & Young for the Defense Logistics Agency found that it could not properly account for some \$800 million in construction projects.

GAO is required to prepare an audit of the consolidated finances of the entire federal government, but, has been unable to give an opinion, largely because of the Department of Defense. It is time to hold the Pentagon to the same level of accountability as the rest of the government.

If Pentagon agencies can't pass a clean audit in a reasonable amount of time, they won't get all of their appropriations. This is the only way to ensure results and hold DOD accountable for decades of financial mismanagement.